

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 ASUNCION 001090

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PHUM](#) [PREL](#) [KCRM](#) [ETRD](#) [PINR](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, AUGUST 21
- AUGUST 27

REF: ASUNCION 1053

[1](#)1. Summary

- Ambassador Reaffirms Commitment to Strengthen US
- GOP Relations
 - Negotiating for Oviedo Release
 - Cespedes is New Minister of Justice and Labor
 - Visit Sparks New Interest in EXIM Financing

Ambassador Reaffirms Commitment to Strengthen US - GOP
Relations

[1](#)2. (U) On August 24, Ambassador Keane used a 30 minute live-radio interview to discuss the broad US - GOP agenda. The Ambassador discussed issues such as job creation, strengthening municipal finance, and citizenship participation initiatives spearheaded by USAID. He also talked about current health assistance programs funded by USAID and DOD. The Ambassador clarified the bilateral trade and free trade agreement agendas and emphasized the potential of trade to lift people out of poverty.

Negotiating for Oviedo Release

[1](#)3. (U) It has been reported recently that the National Union of Ethical Citizens Party (UNACE), headed by jailed coup plotter Lino Oviedo, and the Colorado Party (ANR) are planning to begin negotiations about the possibilities of Oviedo's release. UNACE seeks the release of Oviedo in exchange for UNACE support of the ruling Colorado Party for the creation of a Constituent Assembly to allow the ruling president to run for reelection -- a key Colorado objective. Senator Martin Chiola, deputy leader of the Senate Colorado Party bloc, confirmed earlier this week that his bloc is going to meet with UNACE. President Duarte Frutos, however, said the ANR would not make any concessions to members of UNACE to free Oviedo. Supreme Court Justice Nunez also reminded speculators that the courts are independent and would not follow any political deal to question a just conviction. (NOTE: UNACE's unexpected change of position to vote for Ruben Candia Amarilla, the President's candidate for attorney general to replace Oscar Latorre, fueled speculation of some deal in the works.) (reftel)

Cespedes is New Minister of Justice and Labor

[1](#)4. (U) On August 26, Derlis Cespedes, 35 years old and a former Economic Crimes Attorney, was sworn in as the new Minister of Justice and Labor. Cespedes replaces Ruben Candia Amarilla, who last week became the Attorney General. (Comment: Cespedes is highly regarded by the Embassy and has worked well with the Embassy in the past, specifically in drafting the money laundering legislation, which is now before the Senate. End Comment.) (reftel)

Visit Sparks New Interest in EXIM Financing

[1](#)5. (U) On August 22, Paul Tumminia, Director for Latin America of the Export-Import Bank visited Asuncion. During his visit, Tumminia hosted a working breakfast for approximately fifty (50) Paraguayan businesspeople at which he explained the products and services offered by EXIM. He also met with a group of local bankers, officials from the Ministry of Industry and Commerce (MIC) and the President

of DINAC, Paraguay's civil aviation authority, where they discussed possible EXIM financing alternatives for a pending \$20-\$30 million USD upgrade of Asuncion's Silvio Petirossi International Airport. Tumminia also had individual meetings regarding some concrete projects involving river transportation and a water pipeline that if completed, could result in up to \$20 million USD in US exports.

KEANE